ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Appendix 4D

Lodged with the ASX under Listing Rule 4.2A

Half Year Ended 31 December 2011

(Previous corresponding period: Half Year Ended 31 December 2010)

Results for announcement to the market

				$
Revenue from ordinary activities	Up	130.95%	To	571,945
Loss from ordinary activities after tax	Up	60.06%	To	2,720,503
Loss for the period attributable to members	Up	60.06%	To	2,720,503

Explanation of Results
Please refer to the accompanying Half Year Financial Report incorporating the Directors' Report and 'Review and Results of Operations'

Dividends
No payments made or declared for the half year ended 31 December 2011.

Financial Statements
Refer to the attached Half Year Financial Report – 31 December 2011

Other information required by Listing Rule 4.2A
The remainder of the information requiring disclosure to comply with Listing Rule 4.2A is contained below, in the Half Year Financial Report and Directors' Report.

NTA Backing	**2011**	**2010**
Net tangible assets per share	- 0.02 cents	-0.09 cents

Controlled entities acquired or disposed of
N/A

Associates and joint venture entities
Victoria Coldry Pty Ltd
Coldry East Kalimantan Pty Ltd
ECT China Ltd (Incorporated in Hong Kong)

Audit
The Auditor's Review Report is contained in the attached Half Year Financial Report.

John Osborne

Company Secretary

29 February 2012

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Half Year Financial Report

31 December 2011

Level 8, 530 Little Collins Street, Melbourne Vic, 3000 Australia | Phone +613 9684 0888 | www.ectltd.com.au | ABN 28 009 120 405
Listed on the Australian Stock Exchange (ASX:ESI)

Contents

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Company Details

Directors

Michael Davies	Managing Director/Executive Chairman
Ashley Moore	Executive Director/Chief Operating Officer
Stephen Carter	Non Executive Director
Iain McEwin	Non Executive Director

Secretary

John Osborne

Principal Registered Office in Australia

Level 8

530 Little Collins St

Melbourne Vic 3000

Share Register

Security Transfer Registrars Pty Ltd

770 Canning Highway

Applecross Perth 6153

Auditors

PKF Chartered Accountants

Level 14

140 William Street

Melbourne Victoria 3000

Bankers

National Australia Bank Limited

3/330 Collins Street

Melbourne Victoria 3000

Securities Exchange

ASX Limited

Level 4, North Tower Rialto

525 Collins Street

Melbourne Victoria 3000

Directors' Report - 31 December 2011

Your directors present their report and the financial statements of the Company for the half-year ended 31 December 2011.

Directors

The following persons were directors of Environmental Clean Technologies Limited (ECT or the Company) during the whole of the half-year and up to the date of this report:

Michael Davies (Appointed 5 July 2011)

Ashley Moore (Appointed 17 August 2011)

Stephen Carter

Iain McEwin (Appointed 8 July 2011)

David Woodall (Ceased 8 July 2011)

John Hutchinson (Ceased 5 July 2011)

Dennis Brockenshire (Ceased 4 July 2011)

Review and Results of Operations

The first half of the 2011/12 financial year has been eventful and in a difficult environment the Company has successfully raised new capital, re-engaged with Tincom of Vietnam to progress the Victoria Coldry Project and commenced the Design for Tender (DFT) to finalise the detailed engineering of a 2 million tonne per annum (mtpa) Coldry plant. The Company has continued to progress with the development of the Coldry and Matmor technologies and opened up new opportunities in India and Korea.

The net result of operations after applicable income tax expense was a loss of $2,720,503 in the six months to 31 December 2011 (six months to 31 December 2010 loss: $1,699,669). The increased loss was chiefly attributable to producing substantial tonnages of Coldry for the planned test burn trial for Datang, commencing the Design for Tender Phase 1 work. The Datang test burn that has been deferred until the production economics of Coldry material has been proved up. There was also an increase in employment expenses, mainly as a result of a termination payment made in the six-month period. The increased expenditure was partially offset by the receipt of the Research and Development Offset grants for the years ending 30 June 2010 and 2011 as discussed in the financial statements. In July 2011 there was a substantial change in the structure of the ECT Board with non-executive directors Dennis Brockenshire, John Hutchinson, and the Chairman, David Woodall, resigning on 4, 5 and 8 July 2011 respectively. Following these resignations Michael Davies and Iain McEwin joined the Board as non-executive directors on 5 and 8 July 2011 respectively.

The Chief Executive, Kos Galtos resigned effective on 15 August 2011. Mr Davies was appointed Managing Director and Executive Chairman of ECT and Ashley Moore was appointed Chief Operating Officer and Executive Director with both appointments being effective from 17 August 2011.

In July 2011 ECT issued the final convertible note to La Jolla Cove under the funding agreement entered into in October 2010 and this issue took total drawings to the US$2,500,000 limit of the facility and the Company received A$2,403,854 as a result. In the six months to 31 December 2011 La Jolla Cove converted a total of US$1,853,945 (A$1,807,754) in Convertible Notes under the facility resulting in 123,465,388 ordinary shares being issued to the note holder and ECT prepaid US$444,175 (A$410,000) of the facility. As at 31 December 2011 convertible notes outstanding had a face value of US$359,480 (A$331,112). Since 31 December 2011 there has been further prepayments of the outstanding La Jolla Cove Convertible Notes and as at the date of this report there are no La Jolla Cove Convertible Notes outstanding.

On 17 August 2011 ECT placed approximately 43.8 million fully paid ordinary shares at $0.006 per share to raise $262,500 from sophisticated investors to support ongoing operation. With each 2 new shares subscribed for, the investors received 1 new listed option (ESIO) being a total of approximately 21.9 million new options.

On 26 August 2011 ECT released a prospectus for a non-renounceable rights issue to raise approximately $3.8 million to fund production and freighting of the Datang test burn sample, complete Phase 1 of the design for tender for the proposed production plant in the Latrobe Valley and support ongoing operations. The Company offered approximately 634 million new shares at $0.006 per new share to raise the $3.8 million before expenses on the basis of 2 new shares for every 3 fully paid shares in ECT. Subscribers for new shares will receive 1 new free option (ESIO) for every 2 new shares issued.

As at the end of December 2011 the Company had allotted a total 363.3 million New Shares and 181.7 million New Options to raise $2.2 million of its target $3.8 million from the Rights Issue and the subsequent placement of shortfall to the Rights Issue.

On 13 October 2011 the Company announced it has re-engaged with Tincom of Vietnam to progress development of the Victoria Coldry Project subject to certain conditions being satisfied.

On 27 October 2011 the Company announced it had secured a A$400,000 Converting Loan facility to assist the restructuring of ECT's capital base and partially facilitate the cash prepayment of Conversion Notices of La Jolla Cove convertible notes. At the Company's 2011 Annual General Meeting held on Wednesday 30 November 2011 shareholders approved the repayment of the Converting Loans by the issue of Convertible Notes pursuant to the holders of the loans. Details of the terms of these Convertible Notes were provided in the Company's Notice of Annual General Meeting lodged with ASX on 27 October 2011.

On 31 October 2011 the Company announced the commencement of the Design for Tender (DFT) to be undertaken by Arup for its flagship Victoria Coldry Project. The DFT is well underway and the Phase 1 work including the preliminary investigation and assessment of the Loy Yang Power Station site and early stage design work, is expected to be completed on schedule by end March 2012. On the same day ECT announced it had re-negotiated its Memorandum of Understanding with Datang of China for supply of Coldry, subject to testing of a trial sample to be provided after the economics of production of Coldry in Victoria are proven.

Dividends

No dividends were declared by the directors of ECT in relation to the half year period ended 31 December 2011.

Matters Subsequent to the End of the Financial Half Year.

On 10 January 2012 ECT announced it had placed approximately 115.8 million fully paid ordinary shares at $0.006 per share to raise $695,000 from sophisticated investors to support ongoing operation. With each 2 new shares subscribed for, the investors received 1 new listed option (ESIO) being a total of approximately 57.9 million new options. A placement for an additional $405,000 on similar terms has also been identified, however this amount will be subject to shareholder approval at an general meeting of shareholders at a date to be fixed.

On 16 January 2012 the Company announced it entered into a Memorandum of Understanding to provide Korean based energy company K-Coal Co. Ltd with exclusive sales and marketing rights into Korea for ECT's Coldry technology.

On 30 January 2012 ECT provided a Shareholder Update on the status of capital raising activities, the Design for Tender work undertaken by Arup, the on-going development of the Coldry and Matmor technologies, and encouraging meetings with prospective users of the technologies in India and Korea.

On 17 February 2012 the Company issued 3.5 million fully paid ordinary shares to Mr Galtos, the former Chief Executive, for nil consideration in satisfaction of a term of the Deed of Settlement between Mr Galtos and ECT agreed in August 2011.

On 24 February 2012 the Company made a final prepayment of all outstanding La Jolla Cove Convertible Notes.

On 27 February 2012 the Company advised it has secured a Converting Loan of $210,000 in order to replenish the Company's working capital resources following the prepayment of the remaining outstanding La Jolla Cove Convertible Notes. It is expected that, subject to shareholder approval, the Converting Loan is to be repaid by the issue of Convertible Notes with the same face value. The Convertible Note, if approved, will have the same terms as for the "Menzies Securities" Convertible Note outlined in Note 9 to the Financial Statements. "

Other than the matters noted above, there are no matters or circumstances that have arisen since 31 December 2011 that have significantly affected or may significantly affect:

(a) the Company's operations in future financial years,

(b) the results of those operations in future financial years, or

(c) the Company's state of affairs in future financial years.

Significant Changes in the State of Affairs

There was no significant change in the state of affairs of the Company, during the year.

Future Developments

At the date of this report, there are no likely developments in the operations of this company required to be reported in accordance with sub-section 299(1)(e) of the Corporations Act 2001.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001, is set out on page 7.

This report is made in accordance with a resolution of the directors.

Mr Michael Davies
Managing Director

Melbourne, 29 February 2012

PKF

Chartered Accountants
& Business Advisers

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors
Environmental Clean Technologies Limited and the entities it controlled during the year

I declare to the best of my knowledge and belief, in relation to the audit for the financial half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- no contraventions of any applicable code of professional conduct in relation to the audit.

D J Garvey
Partner
PKF

29 February 2012
Melbourne

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Environmental Clean Technologies Limited which comprises the statement of financial position as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Environmental Clean Technologies Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Environmental Clean Technologies Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(a) in the financial report, which indicates for the half-year ended 31 December 2011 the consolidated entity incurred an operating loss before tax of $2,720,503 and as of that date reflects net cash outflows from operating activities of $2,546,483. Furthermore, the consolidated entity is reliant on equity capital or loans from third parties to meet its operating costs. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

PKF

PKF
29 February 2012
Melbourne

D J Garvey
Partner

Tel: 61 3 9603 1700 | Fax: 61 3 9602 3870 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 14, 140 William Street | Melbourne | Victoria 3000 | Australia
GPO Box 5099 | Melbourne | Victoria 3001

Directors' Declaration

In the directors' opinion:

(a) The financial statements and notes set out on pages 10 to 18 are in accordance with the *Corporations Act 2001,* including:

- (i) Complying with Accounting Standard AASB 134 Interim Financial Reporting, *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the financial period ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

Mr Michael Davies
Managing Director

Melbourne, 29 February 2012

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Consolidated Statement of Comprehensive Income

		31 Dec 2011	31 Dec 2010
		$	$
Revenue from Continuing Operations	3(a)	18,482	22,908
Other Revenue	2	553,463	224,737
		571,945	247,645
Corporate costs		294,711	365,152
Depreciation and amortisation expenses		444,040	279,603
Employee benefits expense		898,837	587,258
Finance costs	3(b)	31,700	10,108
Legal costs		265,916	209,112
Sales & Marketing		131,276	48,708
Occupancy expenses		60,108	49,231
Plant – Coldry/Matmor	3(c)	914,829	41,255
Travel and accommodation expenses		98,578	153,579
Unwinding of Earn Out		124,075	175,566
Other		28,378	27,742
Loss before Income Tax Expense		(2,720,503)	(1,699,669)
Income Tax Expense		-	-
Loss for the period attributable to owners of the parent		**(2,720,503)**	**(1,699,669)**
Other Comprehensive Income		-	-
Total comprehensive income for the period attributable to owners of the parent		**(2,720,503)**	**(1,699,669)**
		Cents	**Cents**
Basic earnings per share		(0.52)	(0.21)
Diluted earnings per share		(0.52)	(0.21)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement Of Financial Position

	Note	31 Dec 2011	30 June 2011
		$	$
Current Assets			
Cash and cash equivalents	4	809,815	670,653
Trade and other receivables	6	121,500	63,557
Other current assets	7	485,504	90,457
Total Current Assets		1,416,819	824,667
Non-Current Assets			
Investments accounted for using the equity method		2	2
Property, plant and equipment		216,223	270,001
Intangible assets		8,400,000	8,640,000
Total Non-Current Assets		8,616,225	8,910,003
Total Assets		10,033,044	9,734,670
Current Liabilities			
Trade and other payables		520,599	453,840
Provisions		72,224	80,088
Interest bearing liabilities	8	218,754	293,489
Total Current Liabilities		811,577	827,417
Non-Current Liabilities			
Interest bearing liabilities		288,610	-
Earn out creditor		778,695	654,620
Total Non-Current Liabilities	9	1,067,305	654,620
Total Liabilities		1,878,882	1,482,037
Net Assets		8,154,162	8,252,633
Equity			
Issued capital		47,467,579	44,989,191
Reserves		242,321	221,033
Accumulated losses		(39,555,738)	(36,957,591)
Total Equity		8,154,162	8,252,633

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement Of Changes In Equity

	Issued Capital $	Reserves $	Retained Earnings $	Total Equity $
Balance at 1 July 2010	**43,228,522**	**433,497**	**(34,263,379)**	**9,398,640**
Loss for the Period	-	-	(1,699,669)	(1,699,669)
Total comprehensive income for the period	**-**	**-**	**(1,699,669)**	**(1,699,669)**
Equity component of convertible notes issued	-	290,410	-	290,410
Issue of shares by the Group	202,900	-	-	202,900
Balance 31 December 2010	**43,431,422**	**723,907**	**(35,963,048)**	**8,192,281**
Balance at 1 July 2011	**44,989,191**	**221,033**	**(36,957,591)**	**8,252,633**
Transfer to/from Share options reserve		(9,375)	9,375	-
Loss for the Period	-	-	(2,720,503)	(2,720,503)
Total comprehensive income for the period	**-**	**-**	**(2,720,503)**	**(2,720,503)**
Equity component of convertible notes issued	-	30,663	112,981	143,644
Issue of shares by the Group	2,478,388	-	-	2,478,388
Balance 31 December 2011	**47,467,579**	**242,321**	**(39,555,738)**	**8,154,162**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

ENVIRONMENTAL CLEAN TECHNOLOGIES LIMITED

Consolidated Statement Of Cash Flows

	31 Dec 2011	31 Dec 2010
	$	$
Cash Flows from Operating Activities		
Research and Development Offset	188,782	533,602
Payments to suppliers and employees	(2,750,655)	(1,690,687)
Interest received	15,390	22,908
Net Cash Outflow from Operating Activities	(2,546,483)	(1,134,177)
Cash Flows from Investing Activities		
Payments for property, plant & equipment	(2,495)	(998)
Net Cash Outflow from Investing Activities	(2,495)	(998)
Cash Flows From Financing Activities		
Receipts from issue of equity	2,688,140	791,141
Net Cash Inflow from Financing Activities	2,688,140	791,141
Net Increase (Decrease) in Cash Held	139,162	(344,034)
Cash at the beginning of the reporting period	670,653	1,016,760
Cash at the End of the Reporting Period	809,815	672,726

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes To And Forming Part Of The Financial Statements

1. Basis Of Preparation Of Half-Year Report

This general purpose financial report for the interim half year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Environmental Clean Technologies Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

1(a) Going Concern

For the half year ended 31 December 2011 the consolidated entity had an operating loss before tax of $2,720,503 (31 December 2010 loss $1,699,669), and cash outflow from operating activities of $2,546,483 (31 December 2010 outflow $1,134,177). Furthermore, the consolidated entity has not had a source of income and is reliant on equity capital or loans from third parties to meet its operating costs. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, one being the continuation and availability of funds. The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

To this end, the consolidated entity is expecting to fund ongoing obligations as follows:

i) The consolidated entity completed further analysis of expenditure incurred in the 2010 and 2011 financial years and identified additional R&D expenses that were eligible for the R&D tax offset. As a result, amended income tax returns for the 2010 and 2011 years were lodged in February 2012 and the company expects to receive an additional refund of approximately $100,000.

ii) On 10 January 2012 ECT placed approximately 115.8 million fully paid ordinary shares at $0.006 per share to raise $695,000 from sophisticated investors to support ongoing operations. With each 2 new shares subscribed for, the investors received 1 new listed option (ESIO) being a total of approximately 57.9 million new options. A placement for an additional $405,000 on similar terms has also been identified and requires shareholder approval at the next general meeting.

iii) In April 2012 the Company proposes to convene a general meeting of shareholders to seek retrospective approval of placements and other issues of securities that had not been already approved by shareholders. At the same meeting shareholder approval will be sought for the Company to make placements of approximately $4 million at any time up to July 2018. If shareholders approve the resolutions put to the proposed meeting in April 2012 the Directors, on behalf of the Company, will have authority to raise substantial funds by way of placement to meet its business objectives. In a difficult environment for raising equity capital over the past twelve months the Company has demonstrated its ability to secure equity funding.

iv) The company is in discussions with various parties to secure on-going working capital and funding to build a single module Coldry production facility of 500 tonnes per day capacity in the La Trobe Valley to prove the economics of Coldry production in Victoria.

Based on the above and cash flow forecasts prepared, the directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the consolidated entity not continue as a going concern.

2. Other Revenue

Other revenue is $553,463, which represents the 2011 and the 2010 Research and Development Offset of $364,681 and $188,782 respectively. The 2011 claim was reported and lodged with the Australian Taxation Office in December 2011 and was subsequently received in January 2012. The 2010 claim was reported and lodged with the Australian Taxation Office in March 2011 and was subsequently received in September 2011. The 2010 comparative of $224,737 included the 2009 Research and Development Offset.

3. Interest Revenue and Expense

		31 Dec 2011	31 Dec 2010
		$	$
Operating profit before income tax is arrived at after:			
a.	crediting interest as revenue	15,482	22,908
	Profit on sale of assets	3,000	-
		18,482	22,908
b.	charging interest as an expense		
	- finance charges	30,744	-
	- unwinding present value of convertible note (i)		9,559
	- fees	956	549
		31,700	10,108
c.	Plant – Coldry/Matmor		
	- Plant maintenance/fuel	180,591	13,544
	- Transport, Hire of labour/equipment	149,931	27,711
	- Plant equipment – product development	68,258	-
	- Design for tender (ARUP)	516,049	-
		914,829	41,255

(i) The unwinding present value of convertible note represents the reversal of the discount of the convertible notes face value and its fair value based on a 25.25% discount to 31 December 2011.

4. Cash And Cash Equivalents

	31 Dec 2011	30 Jun 2011
	$	$
Cash at bank and in hand	809,815	670,653
	809,815	670,653

(a) The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows as follows:

Balances as above	809,815	670,653
Balances per statement of cash flows	809,815	670,653

5. Issuances, Repurchases And Repayments Of Securities

During the half-year reporting period, Environmental Clean Technologies Ltd issued 420,134,798 ordinary shares upon conversion of convertible notes and through placement of new shares.

	No. Shares
Balance at 30 June 2011	895,109,112
Issue of shares through conversion of convertible note	13,049,733
Issue of shares via placement	407,085,065
Balance at 31 December 2011	**1,315,243,910**

6. Receivables

	31 Dec 2011	30 June 2011
	$	$
Trade Debtors	8,446	8,446
Goods & Services Tax (GST) Receivable	113,054	55,111
	121,500	63,557

7. Other Current Assets

	31 Dec 2011	30 June 2011
	$	$
Loan – Kos Galtos	2,471	-
Loan – Coldry East Kalimantan	17,054	17,054
Deposits Paid	22,072	33,359
Prepayments	79,032	39,944
Other	100	100
R&D Tax Offset Receivable ($364,681+94 Interest)	364,775	-
	485,504	90,457

8. Current Liabilities

	31 Dec 2011	30 June 2011
	$	$
Convertible Note – La Jolla Cove	218,754	293,489

9. Non-Current Liabilities

	31 Dec 2011	30 June 2011
	$	$
Convertible Note – Menzies Securities	288,610	-
Earn Out Creditor[1]	778,695	654,620
	1,067,305	654,620

[1] On 29 June 2009, ECT acquired the units in the Coldry Trust and the shares in Maddingley Coldry Pty Ltd, the entities which owned the Coldry

The debt portion of the convertible note has been calculated at its fair value in accordance with AASB 139 – Financial Instruments: Recognition and Measurement.

In July 2011 ECT issued the final convertible note to La Jolla Cove in a series of convertible notes totalling US$2,500,000. As at 31 December 2011 the convertible notes had a face value of $331,112 (US$359,480). The terms of these convertible notes include interest payable at 0% if the share price is above $0.02 and 4.75% if it falls below $0.02. The note holder is entitled to convert their notes at the lower of $0.20 or at a 20% discount to the company's VWAP for the 15 trading days up to and including the conversion date.

In October 2011 the Company secured a $400,000 Converting Loan facility with Menzies Securities to partially facilitate the cash prepayment of conversion notices of La Jolla Cove convertible notes. Following shareholder approval in November 2011 the Converting Loan were repaid by the issue of "Menzies" Convertible Notes. The terms of the "Menzies" Convertible Note include interest payable at 0% if the share price is above $0.003 and 3% above the Australian 90 day bank bill rate if it falls below $0.003. The note holder is entitled to convert their notes at 80% of the lowest daily VWAP of ECT shares for the proceeding 10 trading days prior to conversion or at $0.006.

In calculating the fair value of the debt portion of the financial instruments at 31 December 2011, the directors have discounted the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, which the directors have assessed to be approximately 26%.

10. Financial Reporting By Segments

A segment is a component of the consolidated entity that engages in business activities to provide products or services within a particular economic environment. The company operates predominantly in the environmental and energy industry, and a single geographic segment being Australia. The board of directors assess the operating performance of the group based on management reports that are prepared on this basis.

11. Events Occurring After Reporting Date

In order to further support ongoing operation ECT accepted an offer on 10 January 2012 to place approximately 115.8 million fully paid ordinary shares at $0.006 per share to raise $695,000 from sophisticated investors. With each 2 new shares subscribed for, the investors received 1 new listed option (ESIO) being a total of approximately 57.9 million new options.

On 16 January 2012 the Company announced it entered into a Memorandum of Understanding to provide Korean based energy company K-Coal Co. Ltd with exclusive sales and marketing rights into Korea for ECT's Coldry technology.

Additionally, on 17 February 2012 ECT issued 3,500,000 shares to the former Chief Executive as part of the Deed of Settlement signed in August 2011.

On 24 February 2012 the Company made a final prepayment of all outstanding La Jolla Cove Convertible Notes.

On 27 February 2012 the Company advised it has secured a Converting Loan of $210,000 in order to replenish the Company's working capital resources following the prepayment of the remaining outstanding La Jolla Cove Convertible Notes. It is expected that, subject to shareholder approval, the Converting Loan is to be repaid by the issue of Convertible Notes with the same face value. The Convertible Note, if approved, will have the same terms as for the "Menzies Securities" Convertible Note outlined in Note 9 to the Financial Statements. "

12. Commitments And Contingent Liabilities

There were no material commitments or contingencies as at 31 December 2011.